# The Impact of Service Quality on Customer Satisfaction: The Case of Commercial Bank of Ethiopia in Bale Robe Town

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*Abstract-* The main intention of this study is to analyze the effect of service quality on customer satisfaction, in four branches establish under CBE Bale Robe Town. In order to achieve this goal, the SERVPERF model was used to design and categorize standardized questionnaire under five dimensions. The sample consists of 392 respondents' selected based on stratified random sampling procedure. The Descriptive research design was in use to describe the existing circumstances and regarding a data source, both primary and secondary data were used. With the help of SPSS version 20, the composed data was analyzed. The relationship between dependent and independent variables are examined through descriptive statistical techniques and linear regressions. There is an optimistic correlation between the dimensions of service quality and customer satisfaction. The regression results displayed that rendering quality service had positive impact on customer satisfaction. The reliability and customer satisfaction correlation is the highest positive result and followed by assurance. The discoveries of the study indicate that the CBE performance in rendering service quality is not in a situation to fulfill the expectation of the customer. From the result of this study, in order to improve the performance of the bank, the researcher forwards some recommendations to the banks management and suggestions for other researchers.

*Index Terms-* Empathy, Responsiveness, Tangibility, Assurance, Reliability, Customer satisfaction, SERVPERF model.

## I. INTRODUCTION

The today's world is growing in an increasingly rapid changing environment. Business markets have become much more competitive. To compete in such overcrowded and interactive marketplace, banks must look beyond the traditional marketing mix of marketing strategy, which no longer enough to be implemented for achieving competitive advantage. According to Zeithaml and Bitner (1996), Service quality is an overall judgment similar to attitude towards the service and generally accepted as a predecessor of general customer satisfaction. The ability of the organization to meet or exceed customer expectations is called service quality. Service business operators often check and measure the service quality offered to their customers in order to; develop their service, and to promptly recognize problems for a better assess of client satisfaction.

Service quality today is an important concept in service research. It is practically impossible for a business organization to survive without building customer satisfaction and trustworthiness. Research has shown repeatedly that, service quality influences organizational outcome such as performance superiority increasing sales profit and market share, improves customer relations, enhance corporate image and promote customer loyalty (Newman et al., 2001). In recent times, the search for quality is maybe the most important consumer trend as require higher quality in services than ever before. Particularly in service rendering institute, providing high-quality service is fundamental for their sustained continuation (Harris, 1996).

Service quality is very significant that wants essential consideration for an organization to do better than their competitions. Quality is the deviation from standard; such delineation can yield a high proportion of consumer's financial success or failure (Kottler, 2012).

Customer satisfaction is influenced by customers' perceptions and expectations of quality (Zeithaml and Bitner, 2000). It is essential in the sector of banking because service character is known by a severe contact with customers of various needs and demand for personalized solutions and significant issues towards success in today's competitive business environment (Clemes, 2008). The Satisfied customer can turn into good customer relationship that creates customer delight, in turn; the delighted customer remains loyal (Kotler, 2012).

Ethiopian Banks are encounter lots of challenges that emanate from high competition amongst different existing banks. As a result, various strategies are planned to keep customer to enhance the service quality stage and measured as the main success factor. At the present time service quality has received much awareness because satisfied customers are a key to the long-term relationship of business success (Zeithaml et al., 1996).

At present, most Ethiopia banks are affected by the network failure; high waiting time and system disturbance which caused belated service delivery time. Even, if the CBE adopt rapid improvement by Implementation of BPR. Still, there is customer complaint of network failure, power interruptions, and low accessibility of ATM machines in the branches of CBE (Ayenew, 2014). Numerous studies conducted on service quality and customer satisfaction in the banking industry, but only some studies have been done on CBE. For this reason, the researcher assesses the impact of service quality on customer satisfaction in

the case of CBE Bale Robe Town. Therefore, the researcher attempts to identify the problem hinder/obstacle to provide quality service and recommends a promising solution to the problems.

## II.   OBJECTIVES OF THE STUDY

The main objective of this study is to assess the impact of service quality on customer satisfaction in the case of Commercial Bank of Ethiopia in Bale Robe Town Branches.

**The specific objective of the study includes**:
- ➢ To examine factors that affect customer satisfaction.
- ➢ To study the rapport between customer satisfaction and the service quality.
- ➢ To study the influence of independent variable dimensions on customer satisfaction.
- ➢ To propose what approach management will take to enhance customer satisfaction.

## III.   RESEARCH METHODOLOGY AND SCOPE OF THE STUDY

### Scope

The study was delimited conceptually, geographically as well as methodologically. Conceptually the research study was limited to the impact of service quality on customer satisfaction in case of (CBE), geographically conducted in Robe Town with a specific focus on sampled branch only.

### Research Design

From different types of research designs, descriptive type of research design is employed for this study to the realization of anticipated objectives. Because it describe the existing situation under study as it is.

### Population

The populations of this study are customers of CBE Bale Robe Town branches. The researcher selects those branches because they undertake all banking activities and many account holders, and also convenient for researcher. For this reason, the branches were eligible as a good sample of the various numbers of customers of CBE.

### Sampling Techniques and Sample Size
### Sampling Techniques

The researcher was used stratified random sampling methods. Because Robson (2002) suggest that, the mean of the stratified samples are closer to the mean of the population in general. Based on the category of a customer in different branches proportionate stratified sampling technique will be used at four branches: which is Sofumer branch, Wolashe branch, Madawalabu branch and Sinana branch to draw a sample of customers.

### Sample Size

CBE in Robe Town has 4 branches. For the convenience of the study and for resource and time constraint, the study was used sample survey. The CBE in Robe Town branch bank whose total client number is around 19,226 was selected to draw sample that could represent CBE, in Robe Town. After the samples of banks have been determined, the researcher was used the following sample size determination formula to determine the sample size of the population in four branches of banks. The researcher used formula of Taro Yamane (1967) to draw sample size. It is calculated as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where **n** represent the sample size,

**N__** is the population size, and

**e__** is the level of precision or sampling error = ( 0.05)

$$n = \frac{19226}{1+19226(0.05)^2} = 392$$

Hence, the total sample size is 392. Population in each bank is not the same; the number of samples for each bank was calculated by the following formula:

$$n1 = \frac{nN1}{N}$$

Where n= total number of samples

N= total number of population

N1= total population number in each bank

n1= number of samples in each bank

The study was conducted on 4 branches of Commercial Bank of Ethiopia of Bale Robe Town (Sofumer branch, Wolashe branch, Madawalabu branch and Sinana branch)

*Table 1: number of customers and proportion of samples taken from each branch*

| Sample branches | Total population number | Total sample number |
|---|---|---|
| **Sofumer** | 7540 | 154 |
| **Wolashe** | 5321 | 108 |
| **Sinana** | 4215 | 86 |
| **Madawalabu** | 2150 | 44 |
| **Total** | **19226** | **392** |

The researchers were used convenience sampling technique to distribute questionnaire for the respondent.

### Data Type and Source

Data from both primary and secondary sources will used. Primary data will gather from customers of Commercial bank of Ethiopia in Robe branch and Secondary data will collect through reviewing different files, company manuals, brushers and annual reports of the branch.

### Data Collection Method

For the purpose of the study, primary data will collect from customers of a Commercial bank of Ethiopia in Robe branch through a standardized questionnaire of service quality dimensions using SERVPERF model, which develop based on a Likert scale of five points from strongly agree to strongly disagree. Moreover, secondary data and information were collected from different data sources especially from journal article that helps to fill the knowledge gap and understand the

concepts, definitions, theories and empirical results through reviewing various relevant journals articles from internet sources.

## Data Analysis Techniques

The data collected in the above mentioned way were analyzed using descriptive statistical tools such as frequency tables, percentage, bar charts, and summarize and present the result. Linear Regression analysis was used to estimating the relationships among variables.

Statistical Package for Social Science (SPSS) software version 20 was employed to analyze and present the data through descriptive analysis, and linear regression analysis.

## IV.   ANALYSIS AND DISCUSSION

This chapter describes the analysis and interpretation of the collected data. To analyses the collected data in line with the overall objective of the research undertaking, statistical procedures were carried using SPSS version 20. In this part to identify the major issues and to provide workable recommendations for the problems concerning service quality and customer satisfaction, the researcher has collected data through standardized questionnaire. In this chapter the findings

of the study are presented. During the survey a total of 392 questionnaires were distributed to customers. All 392 distributed questionnaires were returned. So the analysis was made based on 392 responded questionnaires. The questionnaire were developed in five scales ranging from five to one; where 5 represents strongly agree, 4 agree, 3 no opinion, 2 disagree, and 1 strongly disagree. All questionnaires were filled by the customers of CBE in Bale Robe town branch. Customers were selected based on convenience sampling and efforts have been made to have representative sample and the results are considered as representative of the population. Descriptive statistics were used for demographic factors and correlation and regression analysis were conducted for scale typed questionnaires. The entire questionnaires used are attached at the back. You can refer from appendix.

### Respondents Profile

To find out general background of customers of Bale Robe branch bank of CBE, the respondents were asked the demographic characteristics which include: gender, age, and level of education.

*Table 2 customer profile*

| Items | Options | Freq | Percent | Valid percent | Commutative percent |
|---|---|---|---|---|---|
| **Gender** | Male | 274 | 69.9 | 69.9 | 69.9 |
| | Female | 118 | 30.1 | 30.1 | 100.0 |
| | Total | 392 | 100.0 | 100.0 | |
| **Age** | <=20 | 22 | 5.6 | 5.6 | 5.6 |
| | 21-30 | 174 | 44.4 | 44.4 | 50.0 |
| | 31-40 | 99 | 25.3 | 25.3 | 75.3 |
| | 41-50 | 71 | 18.1 | 18.1 | 93.4 |
| | >50 | 26 | 6.6 | 6.6 | 100.0 |
| | Total | 392 | 100.0 | 100.0 | |
| **Educational level** | primary school | 15 | 3.8 | 3.8 | 3.8 |
| | high school | 7 | 1.8 | 1.8 | 5.6 |
| | Certificate | 77 | 19.6 | 19.6 | 25.3 |
| | Diploma | 138 | 35.2 | 35.2 | 60.5 |
| | First degree and above | 150 | 38.3 | 38.3 | 98.7 |
| | Other please specify | 5 | 1.3 | 1.3 | 100.0 |
| | Total | 392 | 100.0 | 100.0 | |

As shown in table, out of 392 respondent, 118 (31.1) respondent were show females gender and 274 (69.9) respondents were males gender. Regarding the population age, it is apparent that they are in the economically active group .The respondents which holds 44.4% was aged between 21 and 30.The next largest group is 25.3 between 31 and 40 while the rest group is 18.1% are between 41 and 50, above 50 age comprises 6.6% and Smaller groups are 5.6% aged <= 21of the respondents.
The issue related to level of education; the most respondents were First degree and above holder 150 (38.3%) and diploma holders comprises 138 (35.2%) of the customer. 7 (1.8 %)

comprises high school graduate and consists of having certificate 77 (19.6%) and 5 (1.3%) of respondents are other education level. This implies that most of the clients were male working age, first degree and above holder.

*Table 3 bank related customer profile*

| Items | Options | Freq | Percent | | |
|---|---|---|---|---|---|
| **1. how long year(s)** | Below 1year | 21 | 5.4 | 5.4 | 5.4 |

| | | | | | |
|---|---|---|---|---|---|
| you are a customer of the bank _____ ? | 1 up to 3 year | 98 | 25.0 | 25.0 | 30.4 |
| | 3up to 6 year | 179 | 45.7 | 45.7 | 76.0 |
| | more than 6 year | 94 | 24.0 | 24.0 | 100.0 |
| | Total | 392 | 100.0 | 100.0 | |
| 2. You belong to which type of account? | Saving account | 215 | 54.8 | 54.8 | 54.8 |
| | Fixed account | 95 | 24.2 | 24.2 | 79.1 |
| | current account | 52 | 13.3 | 13.3 | 92.3 |
| | others (specify) | 30 | 7.7 | 7.7 | 100.0 |
| | Total | 392 | 100.0 | 100.0 | |
| 3. What you require to come the bank today? | To deposit money | 144 | 36.7 | 36.7 | 36.7 |
| | To transfer money | 45 | 11.5 | 11.5 | 48.2 |
| | to withdraw money | 195 | 49.7 | 49.7 | 98.0 |
| | to open new account | 8 | 2.0 | 2.0 | 100.0 |
| | Total | 392 | 100.0 | 100.0 | |
| 4. How long time it took to get the bank service initial from your first arrival? | Less than ten minuet | 65 | 16.6 | 16.6 | 16.6 |
| | Ten to thirty minuet | 150 | 38.3 | 38.3 | 54.8 |
| | 31 minutes to 1 Hour | 127 | 32.4 | 32.4 | 87.2 |
| | More than one hour | 50 | 12.8 | 12.8 | 100.0 |
| | Total | 392 | 100.0 | 100.0 | |
| 5. According to your view customer satisfaction is acquired at what extent of efficient service quality? | Extremely important | 281 | 71.7 | 71.7 | 71.7 |
| | fairly important | 111 | 28.3 | 28.3 | 100.0 |
| | Less important | 0 | 0 | 0 | 100.0 |
| | has no importance | 0 | 0 | 0 | 100.0 |
| | Total | 392 | 100.0 | 100.0 | |

Customers were asked for how long they are a customer of the bank to get service. Accordingly, their response shows that 179 (45.7%) of the respondents used the bank for 3up to 6 years, 98 (25%) of the customers have stayed in the bank for 1up to3 years, 94 (24%) for more than 6 years, and the remaining 21 (5.4%) of the respondents were for less than one year relationship with the bank. Thus, the large numbers of these respondents were customers who have lots of experience about the service delivery quality of the bank and they can easily measure their satisfaction level. However, as those who had lesser year's relationship were not significant in number. Since there is tough competition in the market the bank needs to devise strategy to retain this group as it is expected to be the newly emerging economic power in the economy.

Concerning account type majority of them are saving account users represent 215(54.8%) of the clients, fixed deposit account comprises 95 (24.2%), 52 (13.3%) the users of current account and others type are 30(7.7%). This indicates more than half of the customers were saving account holders.

Regardless of the purpose that customer come to the bank 195 (49.7%) to withdrawal money, 144(36.7%) come to deposit money, 45(11.5%) to transfer money, and 8(2%) to open new account. Therefore, CBE in its different branch provides important banking services that are highly demanded by major customers. However, most of these customers come to the bank to withdraw money.

As far as concerning the duration of time to get the banking service starting from customer first arrival at the bank 127 (32.4%) between thirty one minutes to one Hour, 150 (38.3%) in ten to thirty minuet, 65 (16.6%) of the respondents get service in less than ten minute and the last 50(12.8%) of respondent get service in more than one hour.

Besides the above issues, respondents also demonstrated their perception on how services quality is significant for customer satisfaction in CBE; so 281(71.7%) extremely important and 111(28.3%) fairly important. This shows that service quality is important for customer satisfaction.

**Customer Satisfaction**

As explained in the literature review, customer satisfaction involves the fulfilment of customers' anticipation of the goods and services. Customers become satisfied if the performance of the good or service is equivalent to, or even surpasses, the original expectation.

Accordingly identifying satisfaction level of customers is one interest of this study. The satisfaction level in this study is also categorized and it ranges from highly dissatisfied, Dissatisfied, Neutral, Satisfied and Highly Satisfied. The table below presents the overall level of customer satisfaction.

*Table 4 Overall Customer satisfaction level*

| Customer Satisfaction | | Very Dissatisfy | Dissa tisfy | Neutr al | Satisfie d | Very satisfied | Total |
|---|---|---|---|---|---|---|---|
| 1. I am satisfied with the bank services security. | Frq | 99 | 54 | 15 | 103 | 121 | 392 |
| | % | 25.3 | 13.8 | 3.8 | 26.3 | 30.9 | 100 |
| 2. I am satisfied with respectful behaviour of the bank staffs | Frq | 137 | 86 | 11 | 69 | 89 | 392 |
| | % | 34.9 | 21.9 | 2.8 | 17.6 | 22.7 | 100 |
| 3. I am satisfied with bank employee communicative ability | Frq | 135 | 80 | 20 | 74 | 83 | 392 |
| | % | 34.4 | 20.4 | 5.1 | 18.9 | 21.2 | 100 |
| 4. I am satisfied with the employee of the bank performance | Frq | 136 | 76 | 12 | 71 | 97 | 392 |
| | % | 34.7 | 19.4 | 3.1 | 18.1 | 24.7 | 100 |
| 5. I have full satisfaction with the responsiveness speed to the complaints submitted | Frq | 122 | 83 | 32 | 66 | 89 | 392 |
| | % | 31.1 | 21.2 | 8.2 | 16.8 | 22.7 | 100 |
| 6. I am satisfied with the quick service of this bank. | Frq | 121 | 90 | 26 | 67 | 88 | 392 |
| | % | 30.9 | 23 | 6.6 | 17.1 | 22.4 | 100 |
| 7. I am fully satisfied with the facilities the bank is provided with | Frq | 123 | 86 | 29 | 65 | 89 | 392 |
| | % | 31.4 | 21.9 | 7.4 | 16.6 | 22.7 | 100 |
| 8. I am fully satisfied with the amount of time I spend waiting for a service. | Frq | 122 | 86 | 29 | 65 | 90 | 392 |
| | % | 31.1 | 21.9 | 7.4 | 16.6 | 23 | 100 |
| 9. I am fully satisfied with the way treatment that workers give | Frq | 124 | 85 | 27 | 66 | 90 | 392 |
| | % | 31.6 | 21.7 | 6.9 | 16.8 | 23 | 100 |

From table 4 for the first question the respondent reply that 99 (25.3%) of the respondents are very dissatisfied, 54(13.8%) dissatisfied, 15(3.8%) neutral, 103(26.3%) satisfied and 121(30.9%) very satisfied. This shows that majority respondent satisfied with security of the bank services.

For the second question they reply that, 137 (34.9%) of the respondents are very dissatisfied, 86(21.9%) dissatisfied, 11(2.8%) neutral, 69(17.6%) satisfied and 89(22.7%) very satisfied. This shows that majority respondent dissatisfied with disrespectful behaviour of the bank staffs.

Concerning to the third question they reply that, 135 (34.4%) of the respondents are very dissatisfied, 80(20.4%) dissatisfied, 20(5.1%) neutral, 74(18.9%) satisfied and 83(21.2%) very satisfied. This shows that majority respondent dissatisfied with the bank employee's communicative ability.

On the fourth question they reply that, 136 (34.7%) of the respondents are very dissatisfied, 76(19.4%) dissatisfied, 12(3.1%) neutral, 71(18.1%) satisfied and 97(24.7%) very satisfied. This shows that majority respondent dissatisfied with the bank employee performance.

Regarding the fifth question of satisfaction they reply that, 122 (31.1%) of the respondents are very dissatisfied, 83(21.2%) dissatisfied, 32(8.2%) neutral, 66(16.8%) satisfied and 89(22.7%) very satisfied. This shows that majority respondent dissatisfied with the responsiveness speed to the complaints submitted

For the question related to quick service of the bank they reply that, 121 (30.9%) of the respondents are very dissatisfied, 90(239%) dissatisfied, 26(6.6%) neutral, 67(17.1%) satisfied and 88(22.4%) very satisfied. This shows that majority respondent dissatisfied with the slow service of the bank.

For the question related to facilities they reply that, 123 (31.4%) of the respondents are very dissatisfied, 86(21.9%) dissatisfied, 29(7.4%) neutral, 65(16.6%) satisfied and 89(22.7%) very satisfied. This shows that majority respondent dissatisfied with the facilities the bank is provided with.

For the eighth question of satisfaction analysis they reply that, 122 (31.1%) of the respondents are very dissatisfied, 86(21.9%) dissatisfied, 29(7.4%) neutral, 65(16.6%) satisfied and 90(23%) very satisfied. This shows that majority respondent dissatisfied with the amount of time spend to waiting for a service.

For the last question of satisfaction analysis they reply that, 124 (31.6%) of the respondents are very dissatisfied, 85(21.7%) dissatisfied, 27(6.9%) neutral, 66(16.8%) satisfied and 90(23%) very satisfied. This shows that majority respondent dissatisfied with the way the workers treat them.

From these one can infer that the bank needs to work more to change this result and highly satisfy its customers because for customers are key divers of bank performance in today's environment.

**Analysis of Correlation between Service Quality Dimensions and Customer Satisfaction**

The relationship of independent variable and dependent variable find out by Pearson's correlation coefficient (r) which measures the strength and direction of a linear relationship between two variables is used. Values of Pearson's correlation coefficient are always between -1 and +1. A correlation coefficient of +1 shows that two variables are related in a positive sense; a correlation coefficient of -1 indicates that two variables are perfectly related in a negative sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two variables.; 0.1-0.29 is a low correlation coefficient suggests that the relationship between two things is weak. If r is between 0.3 and 0.49 the relationship is moderate (Sundaram et al., 2004). A high correlation coefficient i.e. <0.5 indicates a strong relationship between variables. The direction of the dependent variable's change depends on the sign of the coefficient. If the result is a positive coefficient number, then the dependent variable will proportionally move in the same direction as the independent variable; if the negative coefficient, then the dependent variable will move in the opposite direction of the independent variable. The relationship between service quality dimensions and customer satisfaction, both of them the direction and the level of relationship in this study are conducted by using the Pearson's correlation coefficient. The table below presents the result of the correlation analysis made using bivariate correlation.

*Table 5.  Service quality dimension and customer satisfaction correlation.*

**Correlations**

|  |  | Satisfaction | Tangability | Reliability | Responsiveness | Assurance | Empathy |
|---|---|---|---|---|---|---|---|
| Satisfaction | Pearson Correlation | 1 | .028 | .228** | .047 | .177** | .176** |
|  | Sig. (2-tailed) |  | .576 | .000 | .348 | .000 | .000 |
|  | N | 392 | 392 | 392 | 392 | 392 | 392 |
| Tangability | Pearson Correlation | .028 | 1 | -.011 | .044 | -.070 | -.005 |
|  | Sig. (2-tailed) | .576 |  | .832 | .390 | .166 | .922 |
|  | N | 392 | 392 | 392 | 392 | 392 | 392 |
| Reliability | Pearson Correlation | .228** | -.011 | 1 | -.024 | -.066 | .079 |
|  | Sig. (2-tailed) | .000 | .832 |  | .631 | .193 | .120 |
|  | N | 392 | 392 | 392 | 392 | 392 | 392 |
| Responsiveness | Pearson Correlation | .047 | .044 | -.024 | 1 | -.001 | .021 |
|  | Sig. (2-tailed) | .348 | .390 | .631 |  | .981 | .681 |
|  | N | 392 | 392 | 392 | 392 | 392 | 392 |
| Assurance | Pearson Correlation | .177** | -.070 | -.066 | -.001 | 1 | .394** |
|  | Sig. (2-tailed) | .000 | .166 | .193 | .981 |  | .000 |
|  | N | 392 | 392 | 392 | 392 | 392 | 392 |
| Empathy | Pearson Correlation | .176** | -.005 | .079 | .021 | .394** | 1 |
|  | Sig. (2-tailed) | .000 | .922 | .120 | .681 | .000 |  |
|  | N | 392 | 392 | 392 | 392 | 392 | 392 |

**. Correlation is significant at the 0.01 level (2-tailed).

From the result we can see that Reliability is positively correlated to satisfaction (0.228) followed by Assurance (0.177), Empathy (0.176), Responsiveness (0.047), and Tangibility (0.028). The inter correlation between the service quality dimensions shows that there is a positive and significant relationship which implies that the change made in one of the service quality dimension will positively induce the other service quality dimension.

The highest inter correlation is between Empathy and assurance (r=0.394) followed by Empathy and Reliability (r=0.079), responsiveness and tangibility (r=0.044), and the rest inter correlation is less positive relationship and less negative relationship.

The result shows that positive and significant relationships of service quality dimension and customer satisfaction. Hence it replies the second research question which asks about the relationship between customer satisfaction and service quality.

**Regression Analysis**

Regression analysis is a statistical process for estimating the relationships between independent and dependent variables. In this study regression analysis is used to identify the impact of service quality dimension on customer satisfaction thus it answers the third research question.

### 4.1.1    Overall Regression analysis

As it can be depicted from the below table there is a positive and statistically significant relationship between the independent variables (tangibility, reliability, responsiveness, empathy and assurance) and the dependent variable (customer satisfaction). Thus 10.1% ($R^2$=0.101) variation on customer satisfaction is explained by the independent variables.

***Table 6. Summary of Service Quality Dimensions Model***
**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .318[a] | .101 | .090 | .814 |

a. Predictors: (Constant), Empathy, Tangability, Responsiveness, Reliability, Assurance
b. Dependent Variable: Satisfaction

***Table 7. The Service Quality Dimension on Customer Satisfaction Coefficients***
**Coefficients[a]**

| Model | | Unstand Coefficients | | Stand Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.100 | .322 | | 3.416 | .001 |
| | Tangability | .044 | .053 | .040 | .829 | .407 |
| | Reliability | .269 | .056 | .233 | 4.775 | .000 |
| | Responsiveness | .056 | .054 | .050 | 1.027 | .305 |
| | Assurance | .119 | .040 | .157 | 2.971 | .003 |
| | Empathy | .102 | .056 | .095 | 1.803 | .072 |

a. Dependent Variable: Satisfaction

On the above Table 4.15cshows that reliability and assurance dimension of service quality has a significant influence on customer's satisfaction. The coefficient table for service quality dimensions indicates the beta values of the independent variables. The regression equation is derived as:

Regression Equation Y = a + bX1 + bX2 + bX3 + bX4... CS = 1.100 + 0.044TAN + 0.269REL + 0.056RES + 0.119ASS +0.102EMP
Where, CS = Customer satisfaction
TAN = Tangability
REL = Reliability
RES = Responsiveness
EMP = Empathy
ASS = Assurance
ASS = Assurance

## V.  MAJOR FINDING

The main objective of the study was to investigate the impact of service quality on customers' satisfaction in Commercial Bank of Ethiopia, Bale Robe Town. The research was conducted using questionnaire consisting of 392 sample respondent.

✓ The background information of respondents indicated that the majority of the respondents are male aged in the range of 21 to 30. Regarding the education background, more than half of respondents are diploma and degree holder. This implies that most of the clients were male working age, first degree and above holder and economically active group. So they expect more service quality from the bank. Especially those educated customer need high quality service, if the bank doesn't provide they shift towards other competitor banks. Regarding age also youth respondent are not wait for long time service they find for another options.

✓ The descriptive statistical analysis result also indicated that, customers were not satisfied with the reliability, assurance, empathy, responsiveness and tangibility dimensions of service quality. About the ability of banks to provide service at the designed and promised time, customers were expressing their dissatisfaction over poor service. There is lot of complaints from customer about the poor network and frequent power interruption. Customers are not happy with the current CBE performance expressing their agreement towards poor quality service.

✓ The large numbers of respondents were customers who have lots of experience about the service delivery quality of the bank and they can easily measure their satisfaction level. However, as those who had lesser year's relationship were not significant in number. Since there is tough competition in the market the bank needs to devise strategy to retain this group as it is expected to be the newly emerging economic power in the economy.

✓ The correlation result reveals that there is a positive and significant relationship between the service quality dimensions and customer satisfaction. Reliability is found to

have the highest correlation with customer satisfaction and the findings from the inter correlation indicates that the highest relationship is found between assurance and empathy.

✓ The regression result indicates all the service quality dimensions have a positive impact on customer satisfaction and assurance is the dominant service quality dimension which affects customer satisfaction.

✓ Thus the findings are important to enable bank to have a better understanding of customers perception of service quality of banking and consequently of how to improve their satisfaction with respect to aspects of service quality. Due to the increasing competition in banking industry, customer service is an important part and Bale Robe Town CBE should rethinking on how to improve customer satisfaction with respect to service quality.

## VI.   RECOMMENDATION

Based on the findings and conclusions of the study, the following recommendations are forwarded to the management of the bank as being valuable to the CBE in Bale Robe town for improving service quality activities to assure customer satisfaction.

✓ The banks services were relatively good, the staffs were good in dressing well and appear net, the branch has up to date equipments, visually attractive and safety of the banks transaction. However, this should not mean it lasts forever. So there is a need for management bodies to evaluate their status constantly and work for continuous improvements.

✓ In this study assurance is the dominant service quality dimension which has a highest positive correlation with customer satisfaction therefore the bank should work on the indicators of this dimension i.e. the bank should invest on trainings to enhance its employees knowledge and behaviour and also the bank should ensure that customer feels safe in all transitions made. The bank should also realize that the improvement of this dimension would enhance customer satisfaction which in turn results in better performance of the bank.

✓ Empathy dimension was considered as one of the most important factors influencing customer satisfaction. However, the customers of Bale Robe Town CBE were found less satisfied in terms of the empathy dimensions. One way of addressing this could be by treating customer with great respect, giving individual attention to customers, serving customers based on their specific needs and improving its branch accessibility and working hours in a way it meets the customer's need.

✓ It is better to develop customer resolution desk in the bank and assign customer relation officers that deal with customers in need of special assistance .If there is a customer relation officers in the bank, the customer can easily express their complain about their service, rather the customers leave the bank forever .So, by developing this system the bank can make a customer to be loyal. (Like free telephone line prepared for customers complain or suggestion).

✓ In our current environment services preference of customers and their demands keeps on changing at a rapid speed and the bank should operate proactively in meeting its customers' needs and preferences. Accordingly the bank should be customer centric and management's focus area should emanate from the customer's need.

✓ The satisfaction level result showed that most of the respondents are dissatisfied with the service provided by bank of Bale Robe Town CBE. Therefore the bank should exert its maximum effort to change this result for customers are key divers of its performance.

✓ Since majority of respondent are not satisfied with the current service of the bank; the researcher suggest that, the staffs should give attention and understand the specific need of customer by design efficient service delivery system for the beast satisfaction of customer.

✓ The researcher suggests that making different incentives mechanism to motivate employees. To provide complete quality service. The bank should have satisfied their employees by making different motives. Because employees who are not satisfied with their job, they cannot deliver quality service.

✓ In general, banks have to improve performance on all the dimensions of service quality in order to increase customer satisfaction and bringing the customers to higher level of loyalty since consumers expect more than what is being offered by other banks. This will enable them maintain high level of competitiveness in retail banking industry.

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